

## Regarding the Firefighter proposal to restore new hires to Tier I:

### PART ONE:

Firefighters hired after the legislation is passed will automatically be covered by the benefits of the Tier I Contributory Firefighters Retirement System rather than be placed in the position of trying to become educated enough to make the quick (and often frustrating) decision of which Tier II option may be the right one for them decades in the future.

This proposal would affect the approximately 1800 covered Firefighters who work for 59 different Fire Departments. A cost analysis of this change has not yet been performed, but this change would result in an annual cost increase and a net increase in the unfunded actuarial accrued liability. This is because Tier I retirement benefits are more generous (and more costly) than the Tier II retirement benefits.

Why would Firefighters wish to increase the contributory portion of their pension hundreds of dollars a year? As a package the Tier I Firefighter's System provides approximately double the benefits of Tier II at a much lower cost than saving for those benefits in an additional 401(K), disability insurance plan, additional life insurance plans, etc.

### PART TWO:

A window period will need to be established to allow current Firefighters in Tier II to elect to move to Tier I. Perhaps 6 months or a time frame recommended by the URS. Any firefighter not electing to make the change would remain in the Tier II program. Also all benefits earned as a member of Tier II are as previously agreed, unchanged to avoid any further actuarial liability.

### NOTE:

Funding of the Firefighter's System is unlike any most other Systems as a tax on insurance premiums offsets most of the Employer's portion of the contribution.